RG104 Entry 235

Volume 469

January 1, 1926 – February 27, 1926

Letters Sent to

Secretary of Treasury

Press copies of letters and telegrams sent from U.S. Mint headquarters to various official and individual recipients.

Text quality ranges from good to extremely faint. Tight binding also limits visability of the left side of some documents. Pages were scanned using a white back-up sheet to improve legibility.

RG 104 RECORDS OF THE BUREAU OF THE MINT

Records of the Bureau of the Mint
Correspondence

LETTERS SENT, 1873-1917

Vol. 469 of 600
NC-152, Entry 235

eby. 1926.

sst. Secretaries

Clerk.

Department

January 4, 1925.

The Honorable
The Secretary of the Treasury.

Sir:

I have the honor to report, in accordance with Section 7, Legislative, Executive and Judicial appropriation Act, approved March 1, 1898, that the business of this Bureau for the month ended December 31, 1925, is not in arrears.

Respectfully,

Director of the Mint.

January 6, 1926.

The Honorable
The Secretary of State.

Sir:

I have the honor to acknowledge the receipt of your letter of January 2, 1926, enclosing a copy of a note from the Minister of Costa Rica stating that his Government desires to have 15,000 gold pieces of the denomination of two-colones made in the Mint at Philadelphia.

I take pleasure in stating that this coinage could be undertaken at the Mint in Philadelphia under the following terms:

The cost of coinage would be at the rate of $35.00 per thousand pieces. The cost of coinage includes alloy copper, working dies, and container for shipment.

The gold required for this coinage would be 675.343 fine ounces, and this would have to be furnished to the Mint. In submitting the above terms it is understood that the coins desired are the same as those made at the Philadelphia Mint for the Government of Costa Rica in 1922.

Respectfully,

Secretary of the Treasury.

January 6, 1926.

The Honorable
The Secretary of State.

Sir:

The attention of this Department has been called to press dispatches which indicate that the Pengo has become the standard Hungarian coin.

I have the honor to request that this Department be advised as to the date the law was passed, the date it became effective, and any other available fundamental facts in connection with the law.

As this information is to be utilized in connection with official data covering foreign monetary units I shall appreciate your assistance and advice at your early convenience.

Respectfully,

Secretary of the Treasury.

January 15, 1926.

The Honorable,
The Secretary of State.

Sir:

I have the honor to transmit herewith a series of interrogatories prepared by the Director of the Mint, regarding production, coinage, industrial consumption, and monetary stock of gold and silver, as well as other monetary matters, and request that same be transmitted to representatives of the United States accredited to the foreign Governments indicated on the face of the interrogatories. Copies of comparative tables, compiled principally from answers to interrogatories of prior years, are also being forwarded with the current interrogatories, with the suggestion that they be distributed by United States representatives where they may stimulate interest in answers which will provide information for making future similar tables as complete as possible.

The information elicited by these interrogatories is for the use of the Director of the Mint, who for many years has collected and published statistics relating to the subjects specified.

It is suggested that the following possible sources of information, regarding these subjects, be enumerated for the guidance of the representatives to whom these inquiries are addressed: Government Treasuries; Finance Departments; Mints; Statistical Bureaus; Mining and Geological Bureaus; Boards of Trade and Commerce; Customs Bureaus; Scientific Societies (especially Mining and Engineering), and technical experts of recognized standing. This suggestion is made for the reason that inquiries have, at times, been dropped because the information could not be obtained from one source, when it might have been obtained from other sources.

It will greatly facilitate the compilation of statistics if the United States representatives follow up their inquiries, thus contributing to expedite matters, and forward answers directly to the Director of the Mint, Treasury Department, Washington, D. C., U. S. A., so as to reach him by October 1st. Data received after that date are too late for publication during the current year.

The cooperation of the State Department and its representatives abroad will be highly appreciated by the Director of the Mint.

Respectfully,

Secretary of the Treasury.

January 25, 1926.

Secretary of the Treasury.
Division of Printing.

Sir:

In conformity with your request of January 22, 1926, I have to report as below concerning the estimated cost of the data furnished to the Division of Printing for the fiscal year 1925, for the report on publications, under Treasury Department Circular #208 of October 15, 1920:

Publication	Compilation	Preparation	Typing	Total Cost
Annual Report of Director of the Mint	1320	150	1/ 30	$1,500
Proceedings of the Assay Commission .	65	5	5	75
Value of Foreign Coins	40	8	2	50

1/ Only a small portion typed.

Respectfully,

M. M. O'Reilly

Acting Director of the Mint.

F:f

January 26, 1926.

The Honorable
The Secretary of State.

Sir:

I have the honor to acknowledge receipt of your letter of January [illegible] (FE - 893.515/), in regard to the employment of Mr. Clifford Hewitt, Technical Mint Expert of the Treasury Department, by the Chinese Government, and inclosing two copies of despatch No. 306 of December 3, 1925, from the American Legation at Peking with original copies and translations of two letters from the Ministry of Finance to Mr. Hewitt, dated November 9 and December 1, 1925, on the subject of a decoration which has been conferred on Mr. Hewitt by the Chinese Government.

The Director of the Mint will be instructed to deliver to Mr. Hewitt the original Chinese texts of these two letters, together with the English translations.

Respectfully,

Secretary of the Treasury.

January 29, 1926.

The Honorable
The Secretary of State.

Sir:

I have the honor to acknowledge receipt of your letter of Jan. 25, 1926, inclosing a letter from the Peruvian Ambassador requesting the execution of certain coinage at the U. S. Mint.

This coinage can be undertaken at the U. S. Mint at Philadelphia under the following terms:

20,000 Peruvian pounds in five centavo nickel pieces
30,000 " " " ten " " "
50,000 " " " twenty " " "

Coinage Costs:

4,000,000 five centavo pieces, per 1,000 pieces
3,000,000 ten " " " " " $3.50
2,500,000 twenty " " " " " $6.00
$8.00

This coinage will require, based on an alloy of 75% copper and 25% nickel: 68617.2856 lbs. of copper
22872.4286 lbs. of nickel.

The coinage costs include the working dies to be made from master dies in the possession of the Mint, but do not include cost of metal, nor cost of kegs required in packing for shipment. The Mint can furnish both metals and packing kegs at prices obtained on competitive bids.

It is also understood that the weight, tolerances and other dimensions of these coins are the same as coins of the denominations of five, ten and twenty centavo pieces which have been previously made at the Mint in Philadelphia.

Respectfully,

Secretary of the Treasury.

Feb. 2, 1926.

The Honorable

The Secretary of the Treasury.

Sir:

I have the honor to report in accordance with Section 7 of the Legislative, Executive and Judicial Appropriation Act approved March 1, 1893, that the business of this Bureau for the month ended Jan. 31, 1926, is not in arrears.

Respectfully,

M. M. O'Reilly

Acting Director of the Mint.

February 4, 1926.

The Honorable

The Secretary of the Treasury.

Sir:

A recent decision of the Comptroller General of the United States #A-12179, dated January 21, 1926, held that where articles, scheduled by the General Supply Committee as being for field services, were purchased in the open market by a field service of the Treasury Department, and there appears no showing sufficient to establish that an exigency existed, such transaction was in contravention of the Act of June 17, 1910, 36 Stat., 468 - (Sec. 4, p. 531). This Act established central purchasing for the executive departments in Washington. The Comptroller General makes reference to the wording in bold faced type immediately following the several class headings in the General Schedule of Supplies as being the determining factor whether the supplies scheduled thereunder are for use in the field services. It is found from examination of the 1926 General Schedule of Supplies that as regards most of the classes, the mint and assay field services are included, by reason of failure to specifically exclude them.

The question of whether or not the mint and assay field services should be included in the central purchasing scheme was considered at the time the agency was established, and they have never been required to make purchases, except incandescent electric lamps, class 15, and labor saving machines, class 16, under the General Schedule of Supplies, The Secretary of the Treasury,

Continued:-

primarily for the reason that most of the institutions are located at great distances from Washington, and purchasing for them in Washington would be neither practicable nor economical. There is the additional feature that many of the supplies required by the mints and assay offices would not be common to two or more departments. Neither have estimates of supplies for our field services been submitted to the General Supply Committee for inclusion in the General Schedule. However, these services have had the privilege of purchasing materials from the General Supply Schedule when considered advantageous; such purchases have been confined almost exclusively to the institutions located near Washington, viz., in Philadelphia, and New York. The following quotation on this subject is from 18 Comp. Treas. 756:

> "It would seem that a fair construction of the act would lead to the following conclusion on this point-that where the Secretary of the Treasury has advertised, scheduled, and contracted for supplies common to the needs and uses of two or more of the executive departments or Government establishments here at Washington, or has so scheduled, advertised, and contracted for any other articles that in his judgment can as well be purchased through such contracts, that these supplies purchased here in Washington for a field service should be so purchased, but as regards those articles which are usually purchased in the vicinage of where needed in a field service, should and can be purchased as formerly, before the passage of the act in question.
>
> As before suggested, a different construction would defeat one of the main purposes of the act, economy in such purchases. The heads of departments, however, are authorized to take advantage of such contract so made by the Secretary under the provisions of this act in every instance as regards the needs of the field service, if they should be of the opinion that these contractors could furnish the articles needed by their field services cheaper and more expeditiously than they could be procured by advertising for them in the ordinary and usual method at the place where needed."

In view of the previously mentioned decision of the Comptroller General, I have the honor to request that the mint and assay field services

The Secretary of the Treasury,

Continued:-

be formally exempted from the requirement of purchasing under the General Schedule of Supplies, for all classes except class 15, incandescent electric lamps, and class 18, labor saving machines, and that such exemption be made effective until further directed. It is also requested that the exemption be made retroactive to include the entire fiscal year 1926, if this is practicable. It is suggested, in this connection, that in future the exemption be specifically noted under the several class headings in the General Schedule of Supplies.

Respectfully,

M. M. O'Reilly

F:f

Acting Director of the Mint.

Ans in negative

February 12, 1926.

The Honorable

The Secretary of the Treasury.

Sir:

I have the honor to report that the Assay Commission appointed by the President met in accordance with law at the Mint in Philadelphia on February 10th to test the coins reserved by the Mints during the calendar year 1925.

The Commission concluded its examination on February 11th, and reported all coins upto requirements as to weight and fineness.

Respectfully,

R. J. Grant
Director of the Mint.

February 13, 1926.

The Honorable,

The Secretary of the Treasury.

Sir:

I have the honor to submit herewith data pertaining to disallowances by the General Accounting Office in the accounts of M. J. Kelly, Superintendent of the United States Mint at San Francisco, for the period April to June, 1925, - Settlement #C-35133-T dated January 23, 1926, with the request that the Comptroller General be asked to review the action taken in such settlement.

Disallowances of differences between lowest and accepted bids because other than lowest bid was accepted when the quality required was not made a specific feature of the invitation for bids:

Voucher No.	Month	Material	Amount Disallowed
12	April, 1925	Bone ash	$9.86
20	" "	Babbit metal	2.75
50	May "	Graphite crucibles	60.00

Disallowances of total costs of articles because particular makes were specified in the invitations for bids:

Voucher No.	Month	Material	Amount Disallowed
28	April, 1925	Door checks	$17.80
16	May "	Packing (steam)	1.31

While the invitations for bids on these supplies may not have been perfect from a technically legal point of view, there can be no question that the best interests of the Government were served by making the above-mentioned purchases. The method of purchase used gave the United States "the advantage of the lowest available price for the material * * * desired". The explanations submitted for rejection of the lower bids, and for specifying particular makes, "are of such material character as to fully warrant such action and support the higher amount to be paid" (5 Comp. Gen. 331). It is believed that the opinions of responsible and technically-trained officers in direct charge of work, as to the reasons which would warrant acceptance of other than lowest bids on supplies of the character mentioned, or as to the need for particular makes, should be given great weight; and that should there be even a reasonable doubt as to the points in question, such doubt should be resolved in favor of the man on the job, responsible for getting results, rather than give preponderance of weight to technical legal points.

The Secretary of the Treasury, continued:

It is submitted that the work of assaying, melting, and fabrication of gold and silver is of a technical and highly specialized nature, one where large values are involved and where the use of inferior materials can result in considerable losses to the Government, as well as delays in producing completed products. It will be seen from the following table of legal requirements concerning the weight and fineness (composition) of the coins, that mint operations must conform to very high degrees of accuracy.

Legal requirements concerning the weight and fineness of the coins

Denomination	As to weight Standard weight	 Deviation allowed	 Lowest legal weight	As to fineness Standard fineness	 Deviation allowed
Domestic Gold coins	Grains	Grains	Grains	Thousandths	Thousandths
Double eagle	516.0	0.50	515.50	900	1
Eagle	258.0	.50	257.50	900	1
Half eagle	129.0	.25	128.75	900	1
Quarter eagle	64.5	.25	64.25	900	1
Silver coins					
Dollar	412.5	1.5	411.00	900	3
Half dollar	192.9	1.5	191.40	900	3
Quarter dollar	96.45	1.5	94.95	900	3
Dime	38.58	1.5	37.08	900	3

Bone ash is used in the technical operation of assaying for gold and silver, and the practical result obtainable from the ash is of great importance in protecting the interests of the Government. If it is not of uniform texture and quality the results will be incorrect, necessitating repetition of work, or possibly resulting in material overpayment for the gold and silver purchased. Several years ago a standard specification for bone ash was drawn up, after making many experiments, and was given practical tests. It was soon discarded because ash that would meet the specification could not be relied upon for practical results. Experience with particular makes, furnished by reliable dealers, is the only practicable safeguard in procuring this important material for mint service use. As regards babbit metal, it will be noted that the purchase in question was for metal to be used as journal bearings on rolling machines; these machines exert very great pressure on gold and silver bars and strips, out of which coinage discs are punched, and the product must be brought to a very fine degree of accuracy. About 100 pounds of metal are required for babbiting a set of rolling machine boxes, and continuing use of a particular quality or grade of babbit metal permits combining a large part of the old metal removed from the boxes with the new, thus saving a quantity of new metal which otherwise would be required for each repacking of the boxes. Babbit metals of different compositions can not be mixed, and use of inferior babbit metals will result in inferior product and in more frequent shutting down of machines with consequent loss of output, and resulting financial loss to the Government, by reason of idleness of men while the rebabbiting work is being done. Concerning the graphite crucibles, the Superintendent of the San Francisco mint advised

The Secretary of the Treasury, continued:

the General Accounting Office under date of December 4, 1925, that trial of the product of the lowest bidder had shown but two thirds the service of the accepted bidder's product. Notwithstanding this the General Accounting Office makes disallowance of $60.00 (about 4% on total bill of $1,485.00). While the Superintendent of the mint may not have been justified in inviting the Bartley Company to bid, because of unsatisfactory product, this invitation surely would not warrant acceptance of 33 1/3% less service in order to save 4% on cost of goods, which would seem to be the action that the General Accounting Office, by its disallowance, considers proper. It would be unwise to adopt a standard specification for graphite crucibles to be used in melting gold and silver, and be satisfied with any that could meet such specification, because such crucibles are being improved all the time. We buy in carload lots, so far as practicable, testing samples furnished as to number of melts obtainable by our practical melters under actual working conditions, and accepting the goods which are shown by test to be the most advantageous to the Government, both service and price considered. As regards the Yale door checks - in this institution where a considerable number of checks are essential in order to eliminate, so far as possible, the circulation of acid fumes (used in open tanks) through the various rooms of the building, and where drafts of air must not be allowed to influence the action of delicate scales or balances, the use of a single standard make of door check permits the making of repairs by the mechanics regularly employed, thus avoiding the more frequent purchase of new checks when those in use get out of order. Spare parts from old checks are thus re-employed and there seems no question that the specifying of a particular make of door check, when it becomes necessary toprocure new checks, is in the interest of Government economy. As regards the Garlock packing, it will be recognized that economy in the use of supplies, where long life and uninterrupted service are demanded, warrant procurement of known qualities rather than experimenting when the prices submitted by dealers on unknown or inferior qualities happen to be lower. This is another case where time of employees lost in shut down of machinery (while repacking) must be taken into consideration in deciding whether the purchase is in the interest of economy, and where the opinion of the practical man on the job is entitled to precedence.

Additional disallowances of total costs of articles, because particular makes or brands were specified in the invitations for bids:

Voucher No.	Month	Material	Amount Disallowed
18	May, 1925	Matches	$10.50
42	" "	Coal	43.50
68	June, "	Brushes	5.78

At the request of this office the Superintendent of the San Francisco mint has submitted (herewith) proposals recently obtained for supplying similar articles to the above and in the same quantities, but without specifying particular makes or brands. It will be noted that, for coal, the lowest bid is the same as in the case of the disallowed purchase, and that the dealer has specified it as for the same brand of coal. The prices on matches and brushes seem to reflect somewhat of a decline since the disallowed pur-

The Secretary of the Treasury, continued:

chases were made - in April-June, 1925.

Consideration should also be given to the fact that when specifications are worded in terms to indicate quality rather than particular make, also when quality is not specified, it is usual, when certain classes of material are involved, for dealers to name the particular make upon which they bid, so that the received bids are not actually on a common quality basis. In other words, bidders are not concerned (unless on very large contracts) in a definite quality of material; they disregard the question of quality and offer what they have available at a submitted price, and the Government procurement officer is welcome to take it or not, on that basis.

It will be noted that several of the items in question represent disallowances by the General Accounting Office of the full amounts paid for the supplies purchased. If such disallowances stand the General Accounting Office will have forced the Government into the position of procuring and using supplies without making compensation therefor - a position contrary to the spirit of the fundamental law of the land. If such radical penalties are meted out, when minor technical provisions of laws are overlooked by purchasing officers, with corresponding disregard for practical considerations incident to rendering the service for which the Government exists and for which the Congress appropriates funds, each procurement officer of the Government will feel compelled to spend a large portion of appropriated funds for employing a staff of legal experts to minutely pre-examine every contemplated action in an effort to avoid such penalties, and the economy on purchases anticipated by the General Accounting Office will be overwhelmed in high-priced personnel expenses of administrative offices. In these instances the Government procured useful supplies for the purpose of carrying on its lawful activities, and received the benefits of their use. The question requiring decision by the General Accounting Office would appear to be the amounts that may be allowed for them rather than refusal to allow any payments whatever for them.

Respectfully,

R. J. Grant,
Director of the Mint.

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inc:

February 15, 1926.

Secretary of the Treasury,
Division of Appointments.

Sir:

I have the honor to recommend that the Civil Service Commission be requested to permit Mr. Joseph Young to take a non-competitive examination, third grade, to test his fitness for the position of watchman at the United States Mint at New Orleans.

Mr. Young is now holding the position under a temporary appointment.

Respectfully,

R. J. Grant
Director of the Mint.

February 27, 1926.

The Honorable,
The Secretary of the Treasury,
Division of Appointments.

Sir:

I have the Honor to recommend that Mr. J. J. Swicker be appointed to the position of Clerk, Class 3, at $1500.00. Mr. Swicker has been employed at the Internal Revenue Bureau, Prohibition Unit, and is eligible for reinstatement. The position referred to is to be vacated by the resignation of Mr. Walter Walk, at the close of business February 28, 1926.

Respectfully.

R. J. Grant
Director of the Mint.